Perspectives on Utah's Economy

Trendlines

Winter 2012/2013

LOOKING FORWARD TO 2013

Economic Improvement Will Likely Continue

UTAH'S ECONOMY

HOW DID IT FARE IN 2012?

NATIONAL Housing Market Staging a Comeback

Construction Jobs Rebounding

Manufacturing Employment Improving

Department of Workforce Services

Hiring Our Heroes!
Successful hiring event showcases Utah veterans

Jon Pierpont, Executive Director, Department of Workforce Services

Dear Readers:

At DWS, it is a top priority to connect service men and women to Utah jobs, including active members of the National Guard and Reserve and their eligible spouses. Recently, a military hiring event for our veteran heroes was held at the South Towne Expo Center in Sandy. I'm happy to report that we connected **144 employers with 837 job seekers from the local military population.**

Ongoing surveys will be conducted for those who attended so that we might continually improve our services to veterans and to track the total number of jobs offered.

If you are a veteran or know a veteran, please help spread the word about our services. We are committed to providing "Priority of Service" to all Utah veterans. We also provide:

- Information on transferring military skills to civilian education and licensing credits
- Utah's largest online employment system for finding a job
- Referrals to employment workshops and temporary assistance programs
- Work readiness activities
- Networking opportunities

Looking ahead to 2013, we will continue to improve our services and highlight our commitment to veterans. For more information, visit our web site at jobs.utah.gov/veterans.

Sincerely,

Jon Pierpont

Trendlines

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The Workforce Research and Analysis Division generates accurate, timely and understandable data and analyses to provide knowledge of ever-changing workforce environments that support sound planning and decision-making.

A Look Forward and Back

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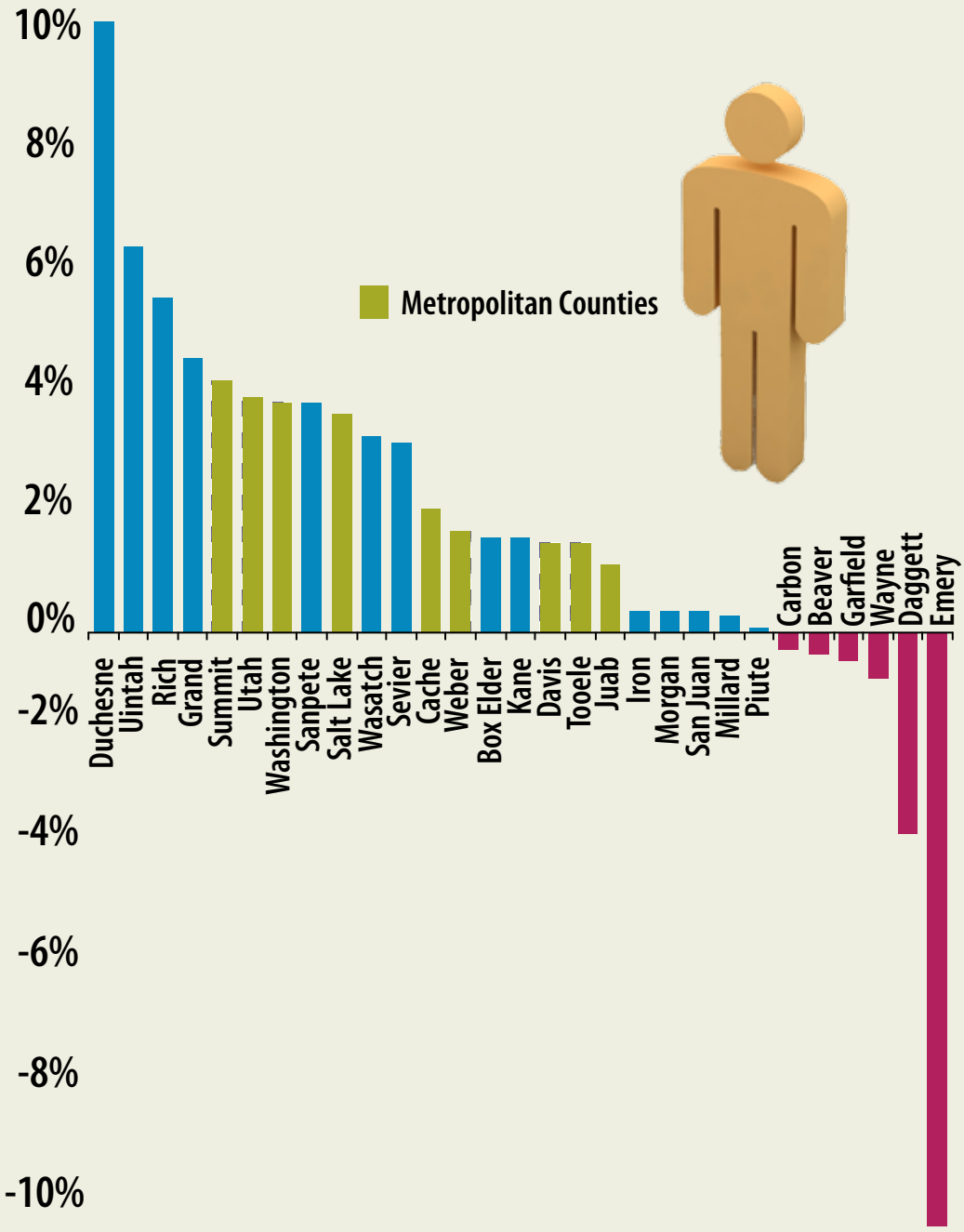
Employment Profile by County

Utah's employment base is expanding, growing in the 3.5-percent range. All industrial sectors are adding jobs again in Utah except for the federal government.

When you look at Utah from a county level, it is more of a mixed bag. Most have growth, but some do not. The best growth is in the two major counties of the Uintah Basin (Duchesne and Uintah), fueled by oil and gas production. Utah's hardest hit county during the recession, Washington, is finally seeing a bounce back and looking like its old self again with growth over 4.0 percent. Most metro counties are doing well. Emery County's big job loss is the reflection of temporary power plant maintenance projects last year having been completed. These varying county economies paint a generally optimistic picture for Utah.

Employment Growth Rate by County

October 2011–2012



Source: Utah Department of Workforce Services forecast.

LOOKING AHEAD

FOR UTAH'S ECONOMY

The Utah economy did comparatively well in 2012. Yes, we are still being impacted by the broad shadow of the Great Recession, but the economy began making aggressive progress beyond that shadow in 2012.

The recession's cloud spread from 2008 through 2011. Employment losses had accumulated through 2010, followed by a middling Utah employment expansion beginning in 2011. In 2012 it rose above mediocre, as employment gains moved above 3.0 percent. The change is that jobs increased in 2012 (projected at 40,200) faster than the 2012 labor force growth (new labor force growth in Utah usually runs around 20,000 to 25,000 per year). This was the first year since 2007 that the economy outpaced new labor force growth. We created more jobs than the number of new workers.

2012 was the first year the economy began to reach back into the recession shortfall and re-employ people. By the end of 2012, Utah had as many jobs as it did before the recession. The deficit that remains is about 100,000 fewer jobs than what otherwise would have developed had the economy kept up with labor force growth. Therefore, we still have relatively high unemployment and remain in the recession's shadow.

When 2012 final job counts are in, the Utah economy will probably have grown around 3.3 percent, or 40,200 jobs. Projections show

that 2013 will largely be a repeat performance with growth around 3.2 percent, or another 40,000 jobs. If those numbers aren't accurate, it will probably be on account of a better economic performance than anticipated, not worse.

The Utah economy will still lag behind accumulated labor force growth for quite some time. Depending on the pace of job growth, it could take five to eight more years for Utah to employ its internal labor force growth that otherwise would have been employed had we not gone through the Great Recession.

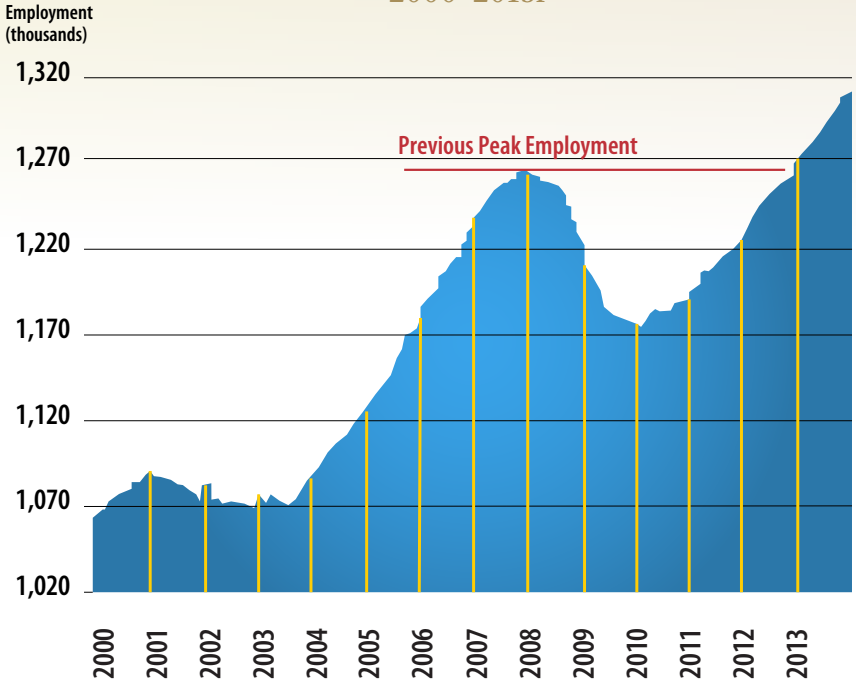
There is a potential revolutionary economic transformation underway in America that could help Utah move more rapidly toward closing this employment gap. It is the shale gas boom that has emerged across the country over the past five years. This is not likely to fade anytime soon. Shale rock formations are giving America cheaper, abundant and comparatively clean energy. Because of this, America's industrial base could surge, particularly in industries that were fading — namely manufacturing.

This energy boom is expected to be a major spur to the United States' economy. Citigroup has estimated that the payoff for America over the next decade may be 3.6 million new jobs. Utah has generally enjoyed a position where it performs parallel with yet better than the national economy. Therefore, if this revolution is going to spur the national economy to new heights, then it stands to reason it will also spur the Utah economy onto a stronger and more rapidly repairing path as this decade progresses.

BY THE END of 2012, Utah had as many jobs as it did before the recession.

UTAH EMPLOYMENT*

2000–2013f



Source: U.S. Bureau of Labor Statistics; November 2012.
f = forecast; Utah Department of Workforce Services.
** = Seasonally Adjusted*

Total 2013 financial activities employment will likely average about 71,000, with the largest increases occurring within securities/trusts/other finance and in real estate.

Modest Financial Activities Job Growth

In addition to the construction industry, another major industry sector at the center of the housing boom and bust, with the subsequent financial meltdown and the Great Recession, was financial activities. Banks, credit unions and other financing businesses, along with real estate agents, brokers and related activities are within the financial activities industry group.

Over the past ten years, there was a significant increase in financial activities jobs. Included within the decade was the housing boom that ended in 2007, a rather dramatic drop of employment as a result of the 2008/2009 recession and renewed job growth since 2010. In 2002 total employment in the industry stood at 63,300, comprising about 5.4 percent of all payroll jobs in Utah. With the housing boom and hot economy, financial activities employment reached a peak annual average of 74,700 in 2007, accounting for 6.0 percent of payroll jobs in the state. Over this five-year period, jobs were growing at 3.6 percent per year compared to overall Utah payroll job growth of 3.3 percent.

In Figure 1, financial activities have been divided into six sub-industry categories, with the percentage of industry employment displayed for each category. Not surprisingly, the activities that grew the most from 2002 to 2007 during the housing boom were real estate and related businesses, which increased its share of financial activities employment by 2.1 percentage points, from 14.8 percent to 16.9 percent. Real estate jobs had increased from an average of 9,350 in 2002 to average 12,600 in 2007, an increase of 34.9 percent.

The housing bust and Great Recession took a significant toll on financial activities with annual average employment reaching a low of 68,000 in 2010, a drop of 9.0 percent from 2007. Real estate employment has declined by a somewhat smaller amount by 8.3 percent. By 2012, some recovery of financial activities jobs has occurred with average employment estimated to be about 69,400. Figure 1 shows the structural changes that have occurred within financial activities by 2012 compared to 2007. Real estate has actually gained an additional 0.5 percent share of employment within the industry, with the largest increase in job share accruing to securities/trusts/other finance, increasing to 11.0 percent compared to 9.3 percent in 2007.

The 2013 outlook for financial activities suggests overall job increases of about 2.2 percent above 2012. This rate is less than what is expected for total job growth in Utah, which should increase from 3.3 to 4.0 percent in the coming year. Total 2013 financial activities employment will likely average about 71,000, with the largest increases occurring within securities/trusts/other finance and in real estate.

Figure 1–Share of Total Utah Financial Activities by Industry Group:
2002, 2007 and 2012 Estimate
Total Financial Activities Employment for the Selected Years

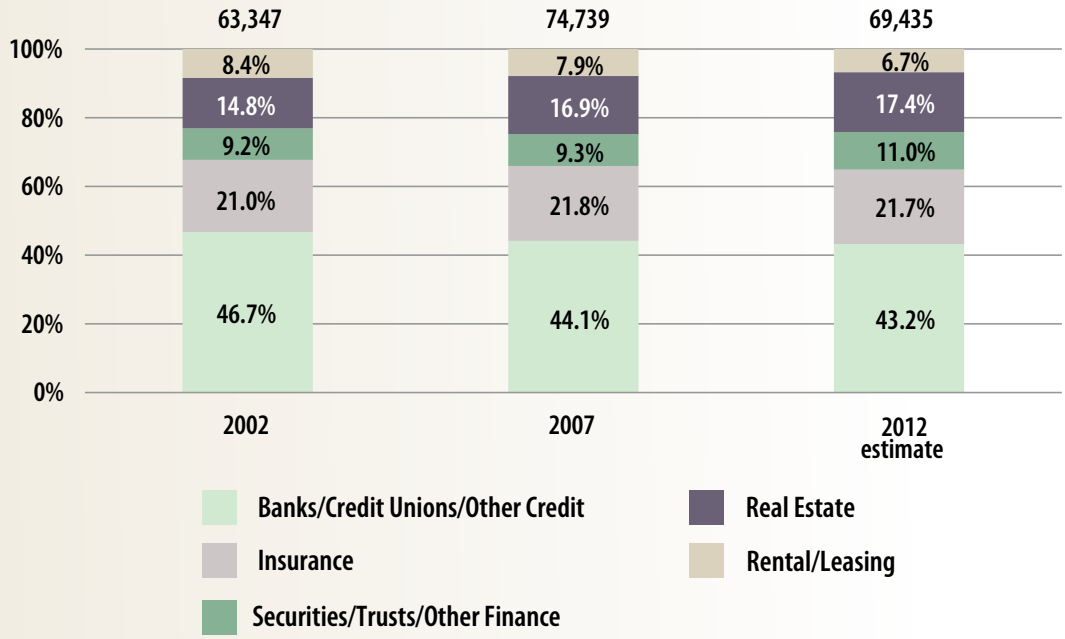
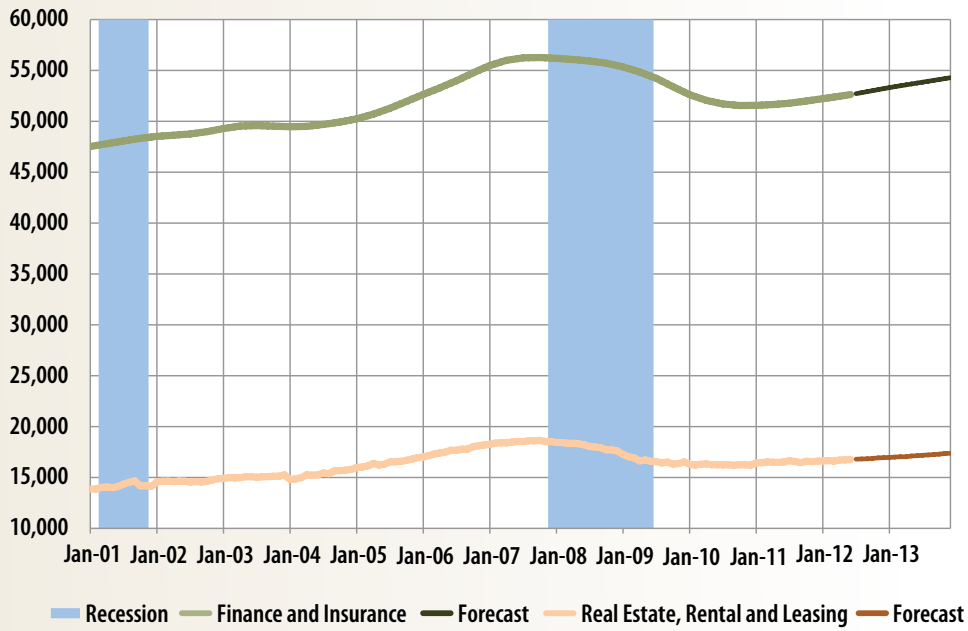


Figure 2–Utah Financial Activities Employment by Month: 2001 to 2013
(Seasonally Adjusted)



Source: Utah Department of Workforce Services.

This New House:
National Housing Market Staging a Comeback

Signs abound that the country's economy is finally on the mend.

The national housing market, which was not only a cause of the Great Recession, but also a victim, has finally started to show some improvement. The U.S. Census Bureau reports that new residential sales were up 27 percent in September 2012 as compared to one year ago, and new residential construction housing starts were up 42 percent in October. These positive signs are providing evidence that the country's economy is finally on the mend.

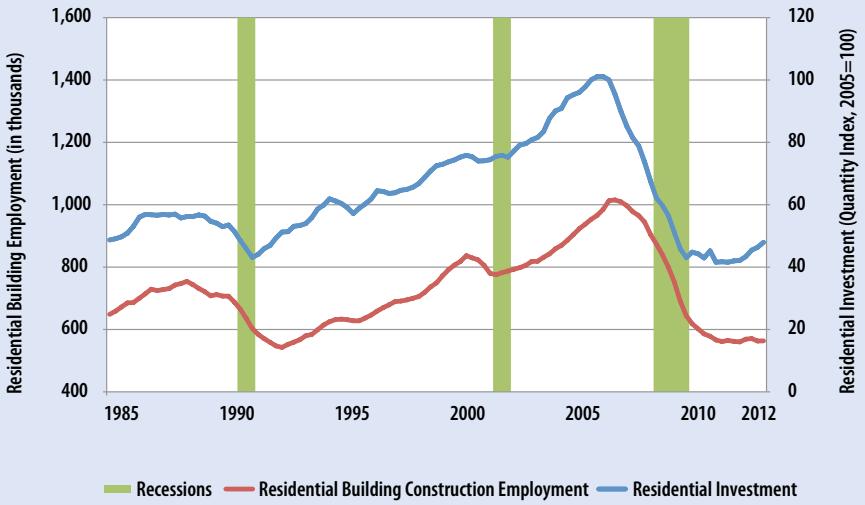
A healthy national housing market is of critical importance to the overall health of the national economy. When high demand for housing stimulates residential investment, jobs are created throughout a large number of industries. Residential investment directly creates jobs within the financial, manufacturing, retail trade and construction sectors, to name just the more important ones. When businesses in these industries expand, they create additional demand for the products of their suppliers, thereby indirectly creating more jobs in an even larger number of industries. As new workers spend their paychecks, the economy receives yet another boost.

The relationships between residential investment, residential construction and recessions are illustrated in Figure 1. When residential investment

begins to decline, a recession typically follows soon afterward. Furthermore, the growth of residential investment after a recession is an important mechanism by which the vitality of the economy is restored. While residential investment creates jobs across a wide array of industries, it is the creation of construction jobs that is of particular importance. Included in Figure 1 is residential building construction employment (NAICS 2361), which accounts for roughly one third of all residential construction employment. As the figure makes clear, residential investment essentially determines the level of residential construction jobs.

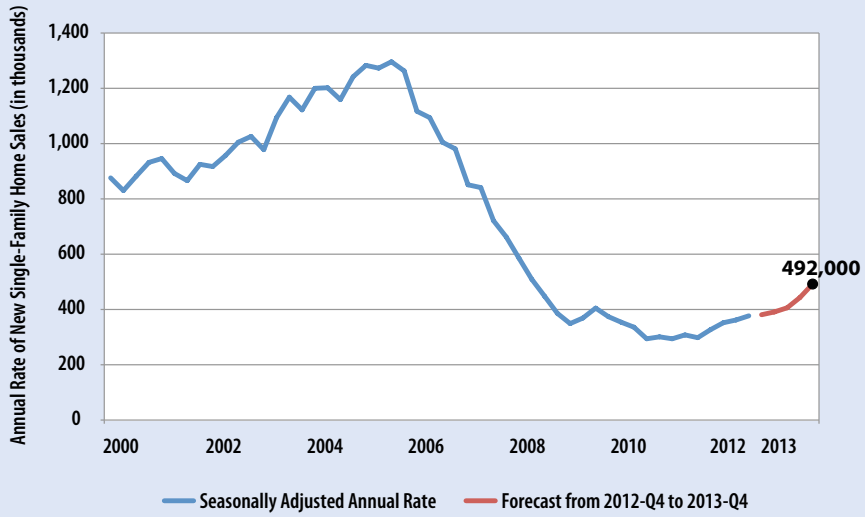
FannieMae is projecting that new single-family homes will sell at an annual rate of 492,000 by the end of 2013, which represents a 65 percent increase in sales as compared to the fourth quarter of 2011 (see Figure 2). Even though this signifies a substantial improvement, the rate is still far below the peak of nearly 1.3 million new home sales reached in 2005. Nevertheless, the projected growth in new home sales is good news for residential construction employment. As the housing market continues to gain traction, the consequent expansion of construction employment should go a long way toward lifting the national economy out of its doldrums.

Figure 1: Residential Investment, Residential Building
Employment and Recessions in the U.S.



Sources: Bureau of Economic Analysis; Bureau of Labor Statistics; National Bureau of Economic Research.

Figure 2: Annual Rate of New Single-Family Home Sales in the U.S.



Sources: U.S. Census Bureau; FannieMae Economic and Housing Outlook.

Construction Jobs Rebounding

The momentum in the housing market is forecasted to continue this next year.

Of all industries in Utah, construction took the hardest hit from the Great Recession of 2008/2009. Undoubtedly this was due to the unprecedented housing bubble that developed from 2004 to 2006 as a consequence of large excess housing construction, speculative purchases, overvaluation and huge accumulations of debt obligations.

A run-up of construction employment in Utah began after 2003, which was the low point for construction jobs after the "dot-com" recession of 2001. Employment increased rapidly over the next four years, reaching its zenith in 2007 when average annual employment stood at 103,450, an increase of almost 36,000 jobs, or 53.1 percent (see Figure 1). In 2008 the major housing bubble that had developed during the previous four years burst. By September the financial system fell into disarray, credit was unavailable and businesses in virtually all industries were shedding jobs.

In Utah, construction jobs were declining rapidly in 2008 and 2009. The Great Recession officially ended in July 2009, but many industries like construction continued shedding jobs, finally hitting bottom in 2010. Utah construction employment averaged 65,233 in 2010, falling 2,365 below numbers recorded in 2003. During 2011, construction employment stayed at virtually the same levels as in 2010, averaging just above 65,000 jobs.

Another way to look at construction jobs over this housing boom and bust cycle is to divide employment among three major types of construction firms: (1) residential building and specialty trade contractors, (2) nonresidential building and specialty trade contractors and (3) heavy and civil engineering construction. Employment levels for firms classified among these three categories are detailed in Figure 2. The housing boom and bust cycle that began after 2003 and ended in 2011 is particularly evident among construction firms and contractors involved in residential construction activities. In 2000, total jobs in residential activities were 30,828 and grew to a peak level of 57,155 in 2007. Residential job losses in the housing bust reduced jobs by more than one half to 28,032, or about 2,800 fewer than in 2000.

Finally, in 2012 construction employment was on the rebound. The recovery took hold in housing during 2012, with single family housing permits increasing off the bottom levels recorded since 2008. Along the Wasatch Front this past year, home prices and sales have shown year-

over increases as housing demand has picked up and inventories have dropped. Residential construction jobs reflect the improving housing market. Residential housing related employment in 2012 averaged 31,800, or about 3,800 more jobs and 13.5 percent above 2011.

Given the exceptionally low mortgage interest rates and improving overall labor market in Utah, the momentum in residential activity is forecast to continue next year with 2013 jobs increasing by 3,600 on average, or a gain of 11.3 percent. Modest nonresidential construction job gains are also expected in 2013 and heavy/civil engineering construction should maintain current employment levels.

After four difficult years, construction jobs, particularly those related to residential construction, showed substantial improvement in 2012. Expanding housing activities are adding to the overall economic vitality in Utah.

Single family housing permits increased off the bottom levels recorded since 2008.

Figure 1:
Utah Annual Average Construction Payroll Jobs • 2000–2013

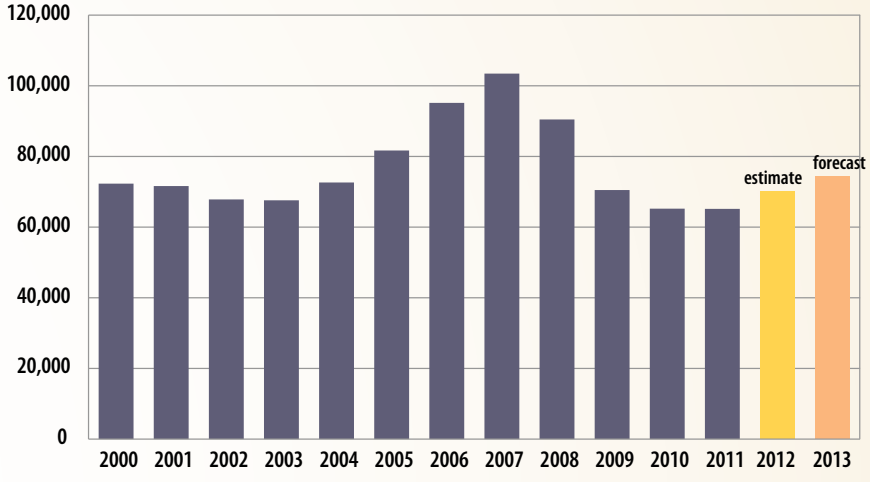
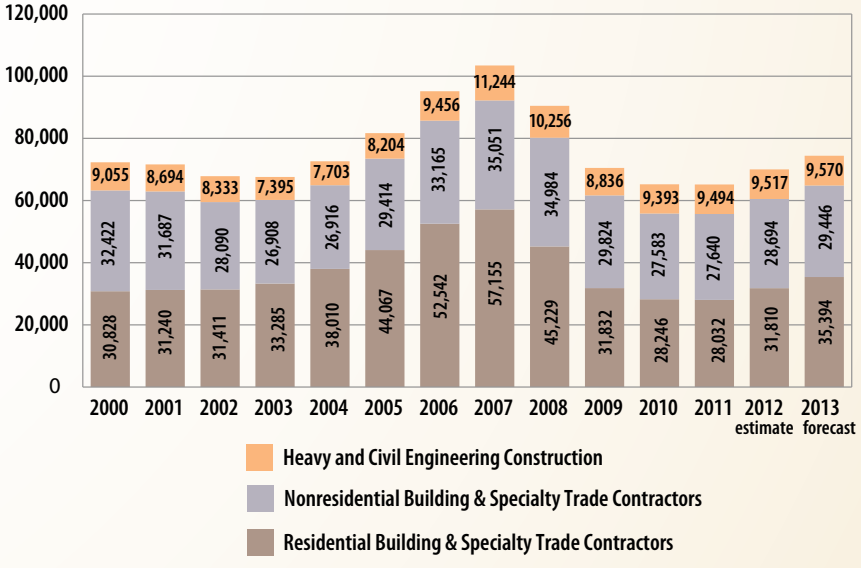


Figure 2:
Utah Annual Average Construction Payroll Jobs by Type • 2000–2013



Source: Utah Department of Workforce Services.

DIG THIS

At 5.2 percent, Utah currently enjoys the sixth-lowest unemployment rate in the country.

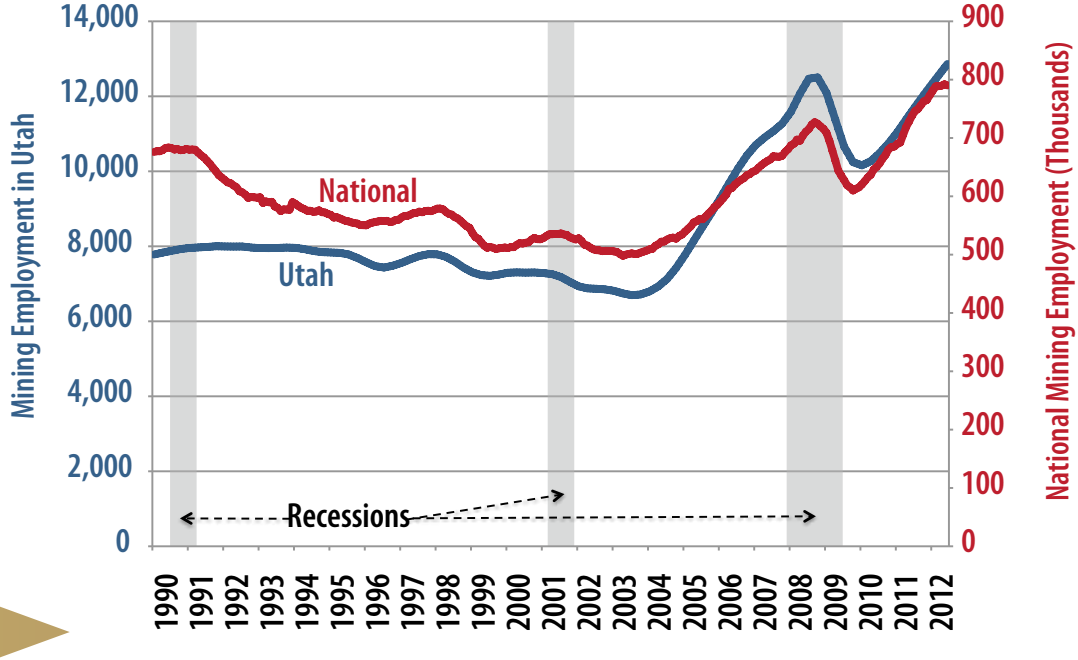
Oil and gas in the Uintah Basin has been driving much of this recent growth.

At 5.2 percent, Utah currently enjoys the sixth-lowest unemployment rate in the country. This is a 3.1 percentage-point drop from the recession high unemployment rate of 8.3 percent. Relative to all other states in the country, this turnaround is pretty impressive. So, just what is happening in Utah's economy? From an industry standpoint, Utah has been experiencing robust job growth in several private sector industries, including professional business services, wholesale trade, and transportation and warehousing. Although it accounted for roughly 1 percent of total nonfarm employment in the state of Utah (second smallest industry sector in terms of employment), the mining industry in 2011 had almost triple the growth rate of the second-fastest growing industry (professional business services), with an exceptional 11.7 percent year-over-year employment growth. Oil and gas in the Uintah Basin has been driving much of this recent growth. The two figures provided offer deeper insight into Utah's mining trends over the last two decades.

As Figure 1 illustrates, Utah's mining trends tend to move with the national mining trends; both are seasonally adjusted to provide a clearer perspective. Mining experienced a surge in employment leading up to the Great Recession at both the state and national levels, after which employment declined markedly for several quarters. January 2010 marks a turnaround for both national- and state-level mining employment, having exceeded their pre-recession employment highs. Few other industries at either local or national levels can make the same claim.

Figure 2 digs deeper into Utah's mining industry according to region and provides both historical and projected employment trends. Once again, the data are seasonally adjusted. The bulk of employment in Utah's mining industry falls within three different regions and specific activities: Salt Lake County is comprised mostly of mineral and quarry mining; the Uintah Basin (Duchesne and Uintah counties) is mostly comprised of oil and gas mining; Castle Country (Carbon and Emery counties) is almost entirely comprised of coal mining. There are a couple of things that immediately jump out in Figure 2. Oil and gas in Uintah Basin has experienced a tremendous boom in employment. Despite the drop resulting from the Great Recession, the employment trend here has exceeded its pre-recession level. The same can also be said for mining in Salt Lake County. On the other hand, coal mining has fallen since the Great Recession and continues to fall. The historical series for each of these regional industries results in the projections shown for each

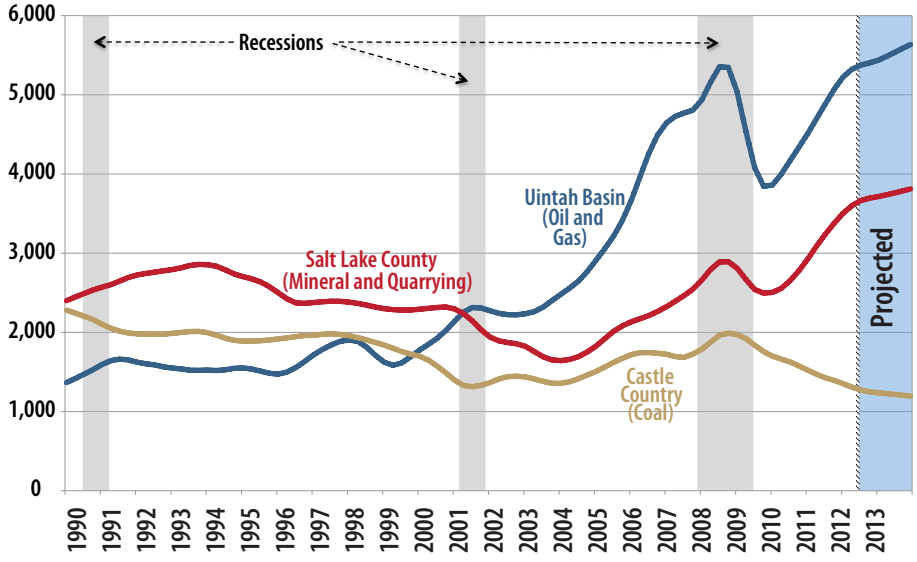
Figure 1: State of Utah and National Mining Employment
January 1990 to June 2012 • Seasonally Adjusted



region: increasing employment in the Uintah Basin and in Salt Lake County and a decreasing trend in Castle Country. Interestingly, it can be argued that the natural gas industry is putting pressure on coal as a competing energy input, as low natural gas prices help to suppress the demand for coal.

Although mining is responsible for a minor share of total private sector employment in Utah, one cannot help but notice the tremendous growth occurring in this industry, which in turn provides boosts in employment within other sectors such as heavy construction and trucking. Furthermore, if domestic energy costs such as natural gas can continue to remain low, this may eventually help to solidify the return of thousands of manufacturing jobs in the state and nationwide.

Figure 2: Regional Mining Employment: Historic and Projected Series
January 1990 to 2013 • Seasonally Adjusted



Source: Department of Workforce Services; U.S. BLS.

Manufacturing Employment in Utah Improving

Although many jobs were lost during the recession, manufacturing is expected to grow in 2013.

After suffering two recessions resulting in decreased employment since 2000, Utah's manufacturing industry has improved since 2010 and is projected to continue its growth into 2013. Manufacturing employment peaked in 2007, but the recession led to three years of declining employment. The 2013 growth rate from 2012 is forecasted to be 0.9 percent, placing employment at 90.6 percent of the 2007 peak. As Figure 1 shows, turnaround from the most recent recession has been slower than the relatively quick recovery earlier in the decade.

The largest share of Utah manufacturing employment is in miscellaneous manufacturing which includes production of medical equipment and supplies, jewelry, sporting goods, toys, office supplies and other products that cannot readily be classified in specific subsectors in manufacturing (Figure 2). Other top subsectors in terms of manufacturing employment share in Utah are food manufacturing and computer/electronic product manufacturing. Compared to the national average, these two subsectors have a high concentration of employment in the state, revealed through an analysis of location quotients. These quotients measure the rate of concentration of an industry's employment in Utah compared to the U.S. average. High location quotients imply that food manufacturing and computer/electronic product manufacturing are export-oriented industries with more of their products being consumed outside of Utah. In fact, these subsectors produce the state's second and fourth largest exports to the U.S. in terms of value, electronic integrated circuits and food preparations, respectively, according to the U.S. Department of Commerce.

Characteristics of primary metal manufacturing, another subsector, exhibit an interesting dichotomy between value of exports and employment concentration. Products from this subsector, particularly gold, are Utah's top export in terms of value, totaling 62 percent of all export value, as reported by the U.S. Department of Commerce. But its employment claims only a small proportion, 3.8 percent, of all manufacturing employment. Since the export is measured in dollar value, and not volume, this relationship of relatively few jobs producing large amounts of value emphasizes the high price of gold.

Manufacturing experienced large job losses during the most recent recession, but it has been steadily expanding employment and is expected to continue to grow through 2013.

Figure 1: **Total Manufacturing Employment and Forecast in Utah**
Seasonally Adjusted

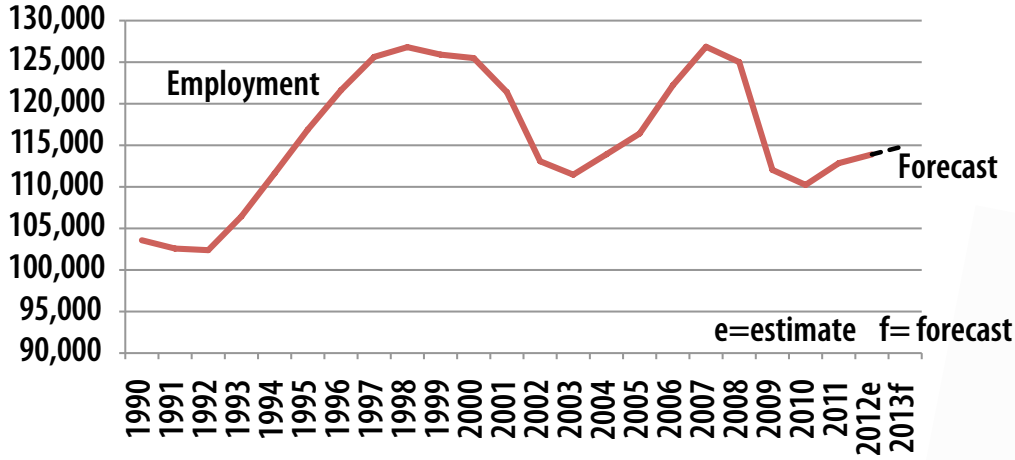


Figure 2: **Employment by Industry Sector**

Industry Sector	Share of Manufacturing Employment
Miscellaneous Manufacturing	13.8%
Food Manufacturing	13.2%
Computer and Electronic Product Manufacturing	12.6%
Fabricated Metal Product Manufacturing	10.4%
Transportation Equipment Manufacturing	9.6%
Chemical Manufacturing	6.7%
Machinery Manufacturing	4.8%
Printing and Related Support Activities	4.3%
Furniture and Related Product Manufacturing	4.0%
Nonmetallic Mineral Product Manufacturing	3.9%
Primary Metal Manufacturing	3.8%
Plastics and Rubber Products Manufacturing	3.7%
Paper Manufacturing	2.4%
Wood Product Manufacturing	1.4%
Electrical Equipment and Appliances	1.3%
Apparel Manufacturing	1.1%
Petroleum and Coal Products Manufacturing	1.1%
Textile Product Mills	0.6%
Beverage and Tobacco Product Manufacturing	0.6%
Textile Mills	0.4%
Leather and Allied Product Manufacturing	0.1%

Source: Utah Department of Workforce Services.

Industry Clusters & the North American Industry Classification System

Or a story of apples and oranges

The North American Industry Classification System represents a collaborative effort between the United States, Canada and Mexico to commonly classify industries. Here in the U.S. it replaced the very outdated Standard Industrial Classification system more than a decade ago. NAICS categorizes each business or establishment into a detailed industry based on the production processes it uses. If you regularly read our publications, you'll be familiar with some of the "supersector" NAICS groupings, such as construction or leisure/hospitality services. Here at the Department of Workforce Services, economists analyze employment data using NAICS simply because that is how U.S. detailed statistical information is collected and classified by federal directive.

Industry clusters are the fodder of economic development tactics.

NAICS is an orderly, detailed and well thought-out system. The NAICS structure includes two- through six-digit classifications, offering five levels of detail. The more digits included in the code, the finer the level of detail. The federal government regularly adapts the NAICS coding system to reflect changes in the nature of the economy.

While NAICS provides structure for data users, industry or economic clusters are the fodder of economic development tactics. Typically, industry clusters are defined as a geographic concentration of interconnected businesses, suppliers and associated institutions in a particular field or industry. The theory is that collaboration among these organizations will provide a sustainable, competitive advantage for an area.

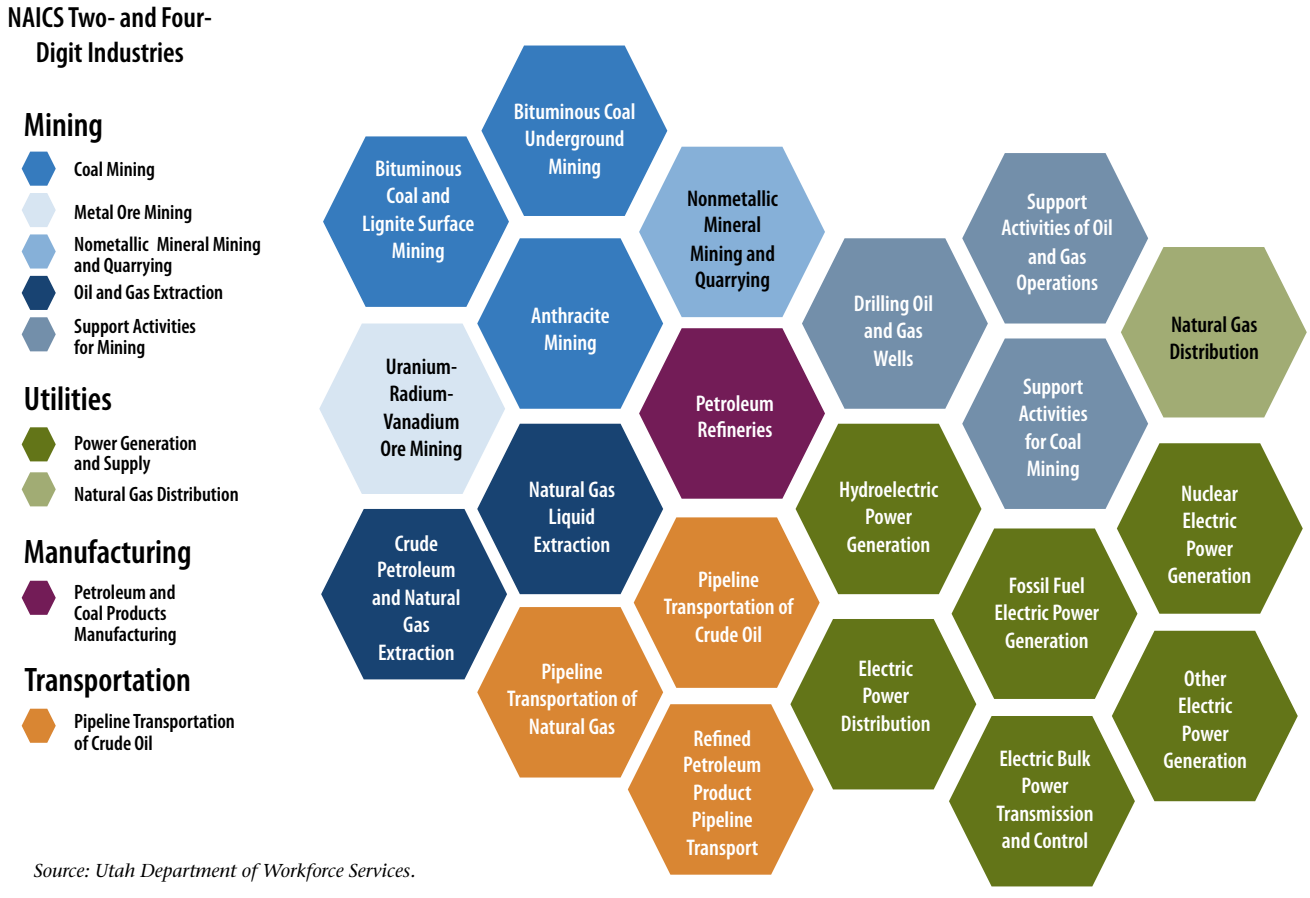
For example, the Utah Governor's Office of Economic Development has identified several targeted economic clusters where it seeks to serve "as a catalyst to align necessary resources and policies that contribute" to the success of these clusters. These targeted clusters include aerospace/aviation, defense/homeland security, life sciences, energy/natural resources, financial services, software development/IT and outdoor products/recreation.

The Apples and Oranges Analogy

Why the talk about apples and oranges in the same breath as industry classification? Both the NAICS structure and the economic/industry cluster system embody ways of organizing and classifying industries. Both are metaphorically fruit.

Yet, these two systems are very different. NAICS was designed as a statistical method of organizing production activity for statistical agencies. Think of this structure as apples. However, because industry clusters represent a strategic rather than a statistical method of classifying industries, they often group establishments from diverse NAICS codes

Energy Industry Cluster Example
Six-Digit NAICS Industries

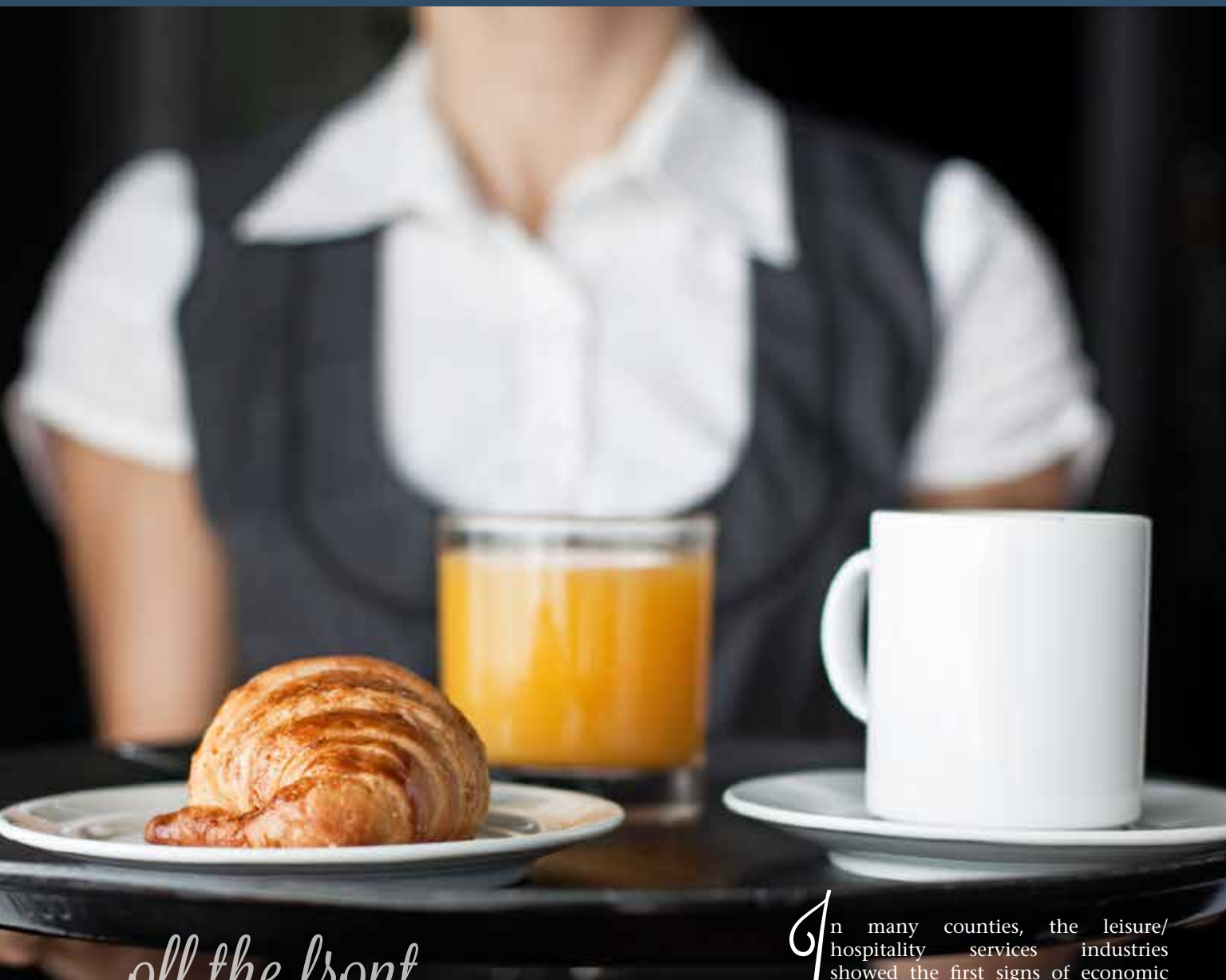


Source: Utah Department of Workforce Services.

into one cluster. Think of industry clusters as oranges. Again, both systems classify industries, just differently. The graphic provides an example of how an industry cluster (energy) may draw from many different NAICS industries. For example, the energy cluster draws from mining (all blue cells), utilities (green), manufacturing (purple) and transportation (orange).

Determining exactly which NAICS industries should be included in an industry cluster is no easy task since there's no established methodology. In addition, often at even the most detailed level, only a portion of the data for a particular NAICS industry should be included in a certain economic cluster. So, forgive the data keepers of the world as they struggle to produce and track economic information for industry clusters. Also, understand that information produced for these clusters may be difficult to reproduce for other entities because of the confidential nature of the data at the detailed NAICS level.

For more information, see business.utah.gov and census.gov/eos/www/naics/



off the front

Forecasting Leisure/Hospitality Services Employment *through 2013*

In many counties, the leisure/hospitality services industries showed the first signs of economic awakening as the business-cycle recovery began. Close-to-home vacations and a little eating-out proved some of the first additional expenditures consumers were willing to make. On the other hand, in some of Utah's off-the-Wasatch-Front counties, this industry continues to contract. What do economists expect for the leisure/hospitality industry in the less urban areas during 2013?

Leisure/hospitality services industry employment is often used as a proxy for tourism-related jobs. This large sector includes a wide range of businesses providing entertainment, recreational activities, accommodations and food services. Obviously, along with tourists, the industry serves the demand of local customers as well. See Figure 1 for a definition of each particular area.

How Dependent Are They?

The level of leisure/hospitality services employment comparative to other areas suggests the dependency of a particular region on tourism-related jobs. For example, on average in Utah, roughly 9 percent of jobs in 2011 were categorized in the leisure/hospitality services industry. However, the Southeast portion of Utah (Grand and San Juan counties), with its abundance of recreation and state/national parks, shows almost one fourth of employment in this industry.

Off-the-front areas show a wide assortment of leisure/hospitality services dependence. Three areas (Bear River, Castle Country and the Uintah Basin) show lower-than-average leisure/hospitality services employment shares. On the other end of the scale, both Southeast and Southwest regions show a significantly higher percentage of jobs in this sector.

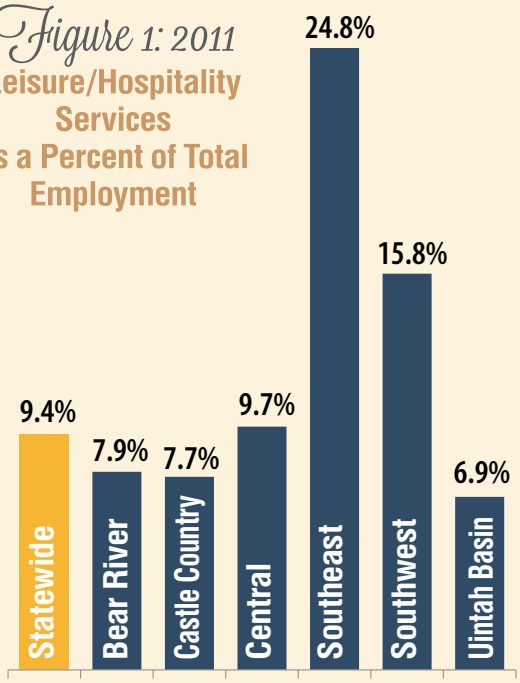
What's Ahead?

Current and projected growth in leisure/hospitality services jobs tends to mirror the overall performance of an area's economy. This suggests that local consumption plays a strong role in an area's expansion in leisure/hospitality jobs. Of course in most areas, a high percentage of food services sales do come from local residents.

The strongest leisure/hospitality services growth is expected in the Uintah Basin in 2013. This 5-percent expansion will be heavily dependent on a continuing boom in the oil and gas fields. The Southwest should show the next highest level (2 percent) of leisure/hospitality services gains. Rather slow expansion is anticipated for both Bear River (0.5 percent) and Central regions (0.8 percent). Finally, the contracting trends currently experienced in Castle Country (down 4 percent) and Southeast areas (down 0.2 percent) ought to moderate somewhat but not sufficiently to actually show growth.

Figure 1: 2011

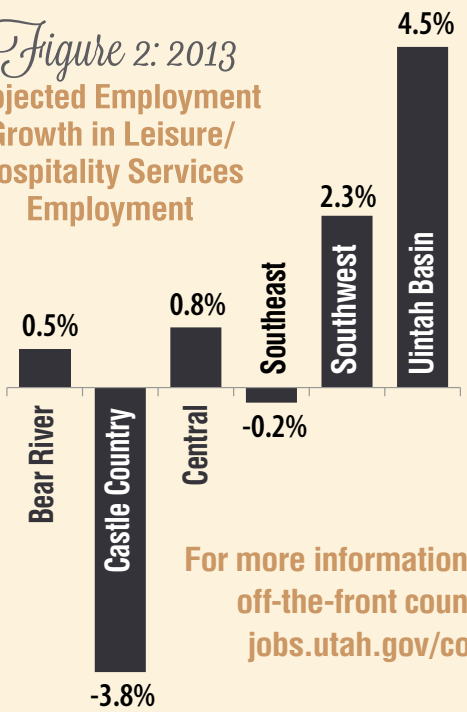
Leisure/Hospitality Services as a Percent of Total Employment



Note: Bear River area consists of Box Elder, Cache and Rich counties. Castle Country includes Carbon and Emery counties. Central is comprised of Millard, Piute, Sanpete, Sevier and Wayne counties. Southeast is made up of Grand and San Juan counties. Southwest includes Beaver, Garfield, Iron, Kane and Washington counties. The Unitah Basin is comprised of Daggett, Duchesne and Uintah counties. Wasatch Front counties (Weber, Davis, Morgan, Salt Lake Tooele, Summit, Wasatch, Utah and Juab) are not shown.

Figure 2: 2013

Projected Employment Growth in Leisure/ Hospitality Services Employment



For more information about Utah's off-the-front counties, visit jobs.utah.gov/countyinfo

Source: Utah Department of Workforce Services.

Roustabout
Motorman
Roughneck
Worm

Motorman. Roughneck. Worm. Those colloquial terms are sometimes used to describe workers who perform manual labor in oil fields. Sound appealing? Thankfully, the Standard Occupational Classification (SOC) system provides a structure under which common job duties are grouped and formal occupational titles are assigned. Under SOC, someone who assembles and repairs oil field equipment is called a Roustabout.

Roustabouts' job duties are actually somewhat wide-ranging beyond the assembly and repair of oil field equipment. While they spend much of their time bolting together platforms, assembling pump parts and tightening pipes, they may also be responsible for guiding mobile equipment such as cranes and bulldozers, checking safety harnesses, digging ditches and cleaning up spilled oil. Naturally, roustabouts can expect to perform these tasks outdoors and in all weather conditions. The work schedule for this occupation tends to be aligned with the drilling schedule of the respective oil rig, which means it is fairly common for roustabouts to work nontraditional schedules such as seven days on and seven days off, or shifts longer than eight hours. Consequently, part-time opportunities can be hard to come by. The Bureau of Labor Statistics estimates that entry into this occupation is relatively accessible, as stringent education or work experience requirements are rare. However, some employers do prefer roustabout candidates to have some form of applied technology training where they acquired basic skills in the areas of mechanics, welding and heavy equipment operation, among others.

In Utah, the Uintah Basin holds 78 percent of the state's oil and gas extraction employment, and, by extension, the majority of the state's roustabouts. As of May 2011, there were an estimated 1,570 roustabouts in Utah at a median wage of $17.09 an hour. An employment level of 1,570 may not seem to represent an overwhelming demand for roustabouts, but consider that the location quotient for this occupation is 3.35. Location quotients measure the concentration of occupational employment within one area compared to another. In this case, a location quotient of 3.35 for roustabouts in Utah means that relative to our employment base, Utah employs roustabouts at a rate that is over three times greater than the national rate.

On the other hand, our high rate of roustabout employment is partially attributable to the fact that that not all states house oil extraction activities. Further, economic factors exogenous to Utah affect the demand for roustabouts by influencing the price of oil and alerting the quantities at which oil extraction output is most profitable. And since these factors tend to be variable, it follows that the demand for roustabouts is also susceptible to variability. Nevertheless, Utah roustabout employment is expected to grow at a faster-than-average rate in both the short and long term.

If you're looking for glamour, working as a roustabout is probably not right for you. But far from being a "worm," this occupation offers adventure, physical challenges, low barriers to entry and a promising employment outlook.

If you're looking for glamour, working as a roustabout is probably not right for you. But far from being a "worm," this occupation offers adventure, physical challenges, low barriers to entry and a promising employment outlook.

Labor Statistics for Roustabouts in Utah

Employment	Median Hourly Wage	Projected Annual Growth Rate through 2013	Projected Annual Growth Rate through 2020	Location Quotient
1,570	**$17.09**	**9.3%**	**2.8%**	**3.35**

Source: Utah Department of Workforce Services and Bureau of Labor Statistics, (2012).

Celebrating 14 Years of Work/Life Awards

The Department of Workforce Services' Office of Work and Family Life recently celebrated 14 years of honoring Utah's Best Places to Work™ with the 2012 Utah Work/Life Awards™. The Utah Work/Life Award community has grown much over these past years. This year, 20 companies were honored with the Utah Work/Life Award™: Utah's Best Places to Work™.

Winning companies used index scoring to:

- Compete against themselves and others
- Highlight areas vital to their unique company culture
- Attract and recruit like-minded employees, vendors and customers
- Focus on success

All companies received an overall index score between 0 and 100 as well as category scores of 0 to 100 in:

- Flexibility and Benefits
- Whole Life
- Workplace Excellence
- Business and People Success

Companies competed in one of three size categories:

- Micro: fewer than 50 employees
- Medium: 50–500 employees
- Large: more than 500 employees

2012 Utah Work/Life Award™ Winners

Micro (fewer than 50 employees)

- Utah Foster Care Foundation
- Mantyla McReynolds
- Digital Financial Group
- Brainstorm Inc.
- Utah Clean Energy

Medium (50–500 employees)

- Cirque Corporation
- Futura Industries
- DigiCert, Inc.
- CyberSource, a Visa Company
- Software Technology Group
- Equitable Life & Casualty Insurance Company
- Tanner LLC
- Cicero Group
- ACE Disposal

Large (more than 500 employees)

- South Davis Community Hospital
- Mountain America Credit Union
- Automatic Data Processing
- 1-800 CONTACTS
- Nicholas & Company
- Canyons Resort

2012 Winner Scores

Here are the scores of each winning company. The Overall Index Score is an average of the four category scores, all based on a scale of 1 to 100.

	Company Name	Total Employees	Overall Index Score	Flex & Benefits Score	Whole Life Score	Workplace Excellence Score	Business & People Success Score
MICRO	Utah Foster Care Foundation	33	97	94	98	99	98
	Mantyla McReynolds	23	96	92	98	99	98
	Digital Financial Group	21	94	90	94	96	97
	Utah Clean Energy	7	92	89	90	96	92
	BrainStorm, Inc.	32	91	89	87	96	91
MEDIUM	Cirque Corporation	58	95	94	94	95	96
	Futura Industries	278	94	89	94	97	96
	DigiCert, Inc.	68	93	90	94	97	92
	CyberSource, a Visa Company	225	93	92	89	95	95
	Software Technology Group	150	93	89	94	97	93
	Equitable Life & Casualty Insurance Company	147	92	87	93	94	94
	Tanner LLC	71	91	85	90	95	95
	Cicero Group	150	91	83	89	96	95
	Ace Disposal	172	90	86	86	94	95
LARGE	South Davis Community Hospital	575	93	87	94	96	95
	Mountain America Credit Union	964	92	87	93	95	94
	Automatic Data Processing, Inc.	800	91	87	92	94	91
	1-800 CONTACTS, Inc.	868	91	87	89	95	92
	Nicholas & Co., Inc.	530	90	88	91	92	91
	Canyons Resort	550	88	84	88	91	89

Mining

The mining industry (except oil and gas) is classified with NAICS 212 by the Bureau of Labor Statistics as part of the natural resources and mining supersector, "comprised of establishments that extract naturally occurring mineral solids." Sounds simple enough, but the mining industry is so much more. Mining is second only to agriculture as the world's oldest industry, and mineral and mineral-based products play important roles in the state's economy and in modern society. Mining is necessary to obtain any material that cannot be grown through agricultural processes or created artificially in a factory or laboratory.

In the past 10 years, mining (except oil and gas) employment in Utah peaked in 2008 with an annual average of 5,170, steadily dropped in the next 2 years to 4,750 and then climbed back up to 5,015 in 2011. Kennecott Utah Copper is one of the largest employers in the state. They are the second-largest copper producer in the U.S., producing nearly a quarter of the nation's annual copper needs, and have been a major economic driver in Utah for over 100 years.

The mining industry contains a good variety of occupations. You may be surprised to know that it includes not only the well-known refinery operators, machine operators and truck drivers, but also geoscientists who study the physical aspects of the earth as well as operating engineers who operate several types of power construction equipment.

Mining jobs can often be dangerous, and keeping people safe and healthy both in the workplace and in the surrounding areas are industry priorities. Through regulations, better technology and improved training practices, safety has improved in all types of mining work conditions. Recently in Utah the industry has seen a frequent and continuing collaboration among mine management, education, labor, government and industry experts. These specialists are dedicated to eliminating the hazards often associated with mining. The University of Utah, for example, provides state-of-the-art training in mine safety to students in the College of Mines and Earth Sciences, teaching future leaders of the industry. These efforts to diminish unsafe conditions remain a top priority.

Although in terms of employment it is the smallest industrial sector in Utah, without mining, we would not be able to enjoy and improve the way we live and the products that we use. It is the basis for the production of metals, ceramics, fertilizers, pharmaceuticals, chemicals and electronics. Mining is the foundation of and vital to the progress of other industries and how they perform and grow. Mined materials are needed to construct roads and buildings; to make automobiles, computers, satellites, phones and windows; and to generate electricity and heat. Mining is also used to make books, carpet, clothing and cosmetics. Virtually everything we do, use or operate would be impossible without the resources mining provides.

just the facts...

October 2012 Unemployment Rates		Changes From Last Year	
Utah Unemployment Rate	5.2%	Down	1.0 points
U.S. Unemployment Rate	8.1%	Down	1.0 points
Utah Nonfarm Jobs (thousands)	1,258.6	Up	2.3%
U.S. Nonfarm Jobs (thousands)	134,702.0	Up	2.4%
October 2012 Consumer Price Index Rates			
U.S. Consumer Price Index	231.3	Up	2.2%
U.S. Producer Price Index	196.3	Up	2.3%

Source: Utah Department of Workforce Services

October 2012 Seasonally Adjusted Unemployment Rates

Beaver	5.3%
Box Elder	6.4 %
Cache	4.1 %
Carbon	6.7 %
Daggett	5.4 %
Davis	5.0 %
Duchesne	3.8 %
Emery	7.2 %
Garfield	10.1 %
Grand	8.3 %
Iron	6.7 %
Juab	6.3 %
Kane	6.7 %
Millard	4.3 %
Morgan	5.0 %
Piute	5.5 %
Rich	4.2 %
Salt Lake	5.1 %
San Juan	9.6 %
Sanpete	6.8%
Sevier	5.9 %
Summit	4.9 %
Tooele	5.9 %
Uintah	3.7 %
Utah	5.1%
Wasatch	6.4 %
Washington	6.6 %
Wayne	10.7 %
Weber	6.2 %

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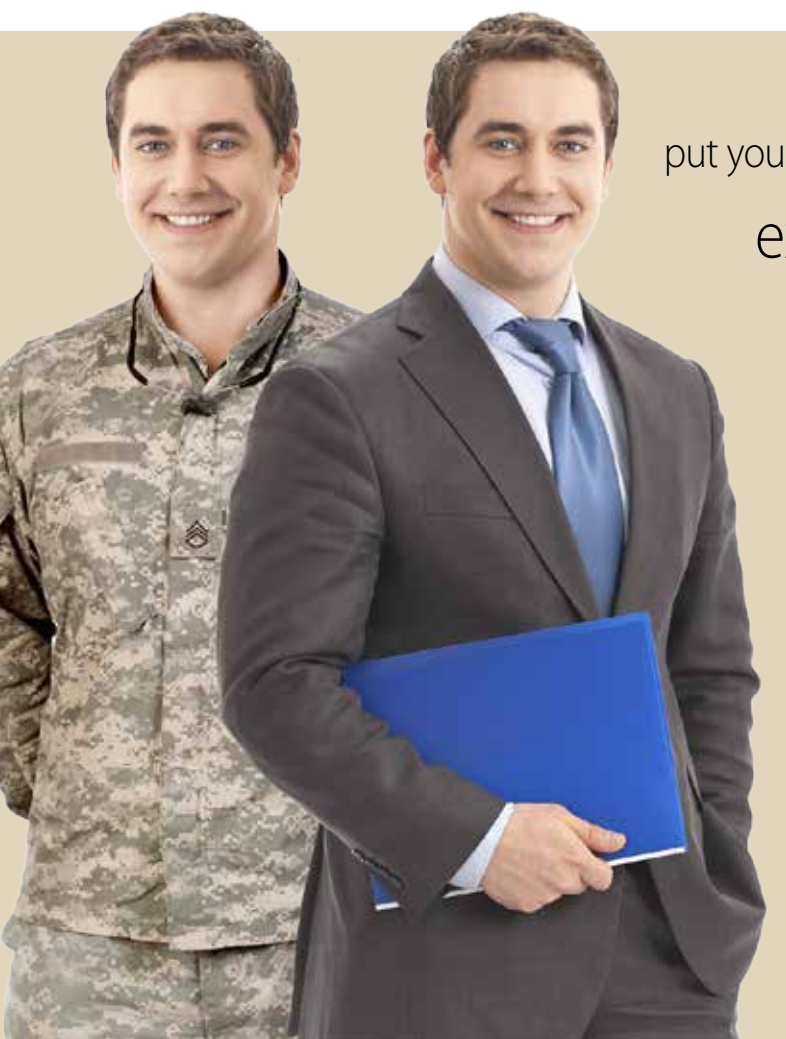

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